



LOCAL MUNICIPALITY

Tel: +27 14 763 2193
Fax: +27 14 763 5662
E-mail: munic@lephalale.gov.za
Website: <http://www.lephalale.gov.za>

Private Bag X136
LEPHALALE
0555

Our Ref:
4/3/2/3; 4/10/0596
Enquiries:
Ms E M Tukakgomo/nps

Your Ref:

Attention:

Certified copy from the minutes of the Ordinary Council meeting of the Lephalale Municipality held on Thursday, 29 March 2018.

ITEM A45/2018[3]

DRAFT ANNUAL BUDGET FOR 2018/2019

5/1/1- 2018/2019

COUNCIL: 29 MARCH 2018

RESOLVED

1. That the Draft Annual Budget for 2018/2019 and indicative allocations for the two projected outer years 2019/2020 and 2020/2021 and related Policies be noted as contained in Budget Tables A1- A10 and Annexure of Policies in this report.
2. That the total Operating expenditure of R 541 million and total operating income of R 497 million resulting in a deficit of R 44 million be noted.
3. That the capital expenditure of R51 million be noted
4. That in terms of Section 23 of the MFMA, the tabled Draft Annual budget be send to the National and Provincial Treasury, and CoGHSTA
5. That the following Annexures be noted as part of the Draft Budget for 2018/2019:
 - a) Mayor Report (**ANNEXURE 1**)
 - b) Executive Summary (**ANNEXURE 2**)
 - c) Overview of the budget related policies (**ANNEXURE 3**)
 - d) Overview of the Budget assumptions (**ANNEXURE 4**)
 - e) Expenditure Framework, Revenue Framework and Collection Rate (**ANNEXURE 5**)
 - f) Overview Budget Funding (**ANNEXURE 6**)
 - g) Allocations and Grants by the Municipality (**ANNEXURE 7**)
 - h) Budget Summary Tables A1-A10 and SA1 – SA37 (**ANNEXURE 8**)
 - i) Tariffs (**ANNEXURE 9**)
 - j) Tariff Policy (**ANNEXURE 10**)
 - k) Credit Control and Debt Collection Policy (**ANNEXURE 11**)
 - l) Indigent Policy (**ANNEXURE 12**)
 - m) Property Rates Policy (**ANNEXURE 13**)
 - n) Supply Chain Management Policy (**ANNEXURE 14**)

OUR VISION

A VIBRANT CITY AND THE ENERGY HUB

- o) Fixed Asset Management Policy (**ANNEXURE 15**)
- p) Banking and Investment Policy (**ANNEXURE 16**)
- q) Virement Policy (**ANNEXURE 17**)
- r) Unknown deposit Policy (**ANNEXURE 18**)
- s) Determination of Property Rates in terms of Sec 14 of the MPRA (**ANNEXURE 19**)
- t) Organogram (**ANNEXURE 20**)
- u) Quality Certificate (**ANNEXURE 21**)

6. That the notice be published in the local Newspaper and also on the website.

7. That the copies of the Draft Annual Budget be forwarded to the Stakeholders for comments.

CERTIFIED A TRUE COPY FROM THE MINUTES OF THE ORDINARY COUNCIL MEETING OF LEPHALALE MUNICIPALITY HELD ON THURSDAY, 29 MARCH 2018.

Signed at Lephalale on this day of2018.

Yours sincerely



1 **E M TUKAKGOMO**
MUNICIPAL MANAGER

ITEM A45/2018[3]**DRAFT ANNUAL BUDGET FOR 2018/2019****5/1/1- 2018/2019****EXCO: 27 MARCH 2018****REPORT OF THE MAYOR****1. PURPOSE**

To present to Council the Draft Budget for the 2018/2019 financial year,
In terms of Section 16 of the Municipal Finance Management Act, 56 of 2003,

1. The Council of a Municipality must for each financial year approve an Annual Budget for the Municipality before the start of that financial year.
2. In order for the Municipality to comply with Subsection (1), the Mayor of the Municipality must table the Annual Budget at a Council meeting at least 90 days before the start of the Budget Year.

2. LEGAL/STATUTORY REQUIREMENTS

- Constitution of SA 1996
- Municipal Finance Management Act
- Division of Revenue Act
- National Treasury Regulations

3. BACKGROUND

In terms of Section 24 MFMA, the Municipal Council must at least 30 days before the start of the Budget year consider approval of the Annual Budget. The Council of a Municipality must for each financial year approve an Annual Budget for the Municipality before the start of that financial year.

The Draft Budget for the 2018/2019 with Operating Expenditure of R541 million against total Operating Revenue of R497 million which result in the Net Operating deficit of R44 million. The main contributors towards the budget deficit are depreciation on Municipal assets which is as a result of completed Capital Projects that are capitalised on annual basis and the repayment of finance lease liability entered into between the Municipality and Exxaro for the acquisition of Zeeland water treatment plant plus the interest thereof. The revalue amount has resulted with an abnormal depreciation charge for the coming years.

Provision has been made in for employee cost to be adjusted by 7.4% in 2018/2019 financial year which is as per Circular 91. All Tariffs will be increased by 6% in 2018/2019 financial year except the Electricity tariffs which will be increased by 6.84% as per NERSA guidelines.

- d) Overview of the Budget assumptions (**ANNEXURE 4**)
- e) Expenditure Framework, Revenue Framework and Collection Rate (**ANNEXURE 5**)
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- r) Unknown deposit Policy (**ANNEXURE 18**)
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- t) Organogram (**ANNEXURE 20**)
- u) Quality Certificate (**ANNEXURE 21**)

RECOMMENDED

1. That the Draft Annual Budget for 2018/2019 and indicative allocations for the two projected outer years 2019/2020 and 2020/2021 and related Policies be noted as contained in Budget Tables A1- A10 and Annexure of Policies in this report.
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